


UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Santo Domingo, Dominican Republic

UNITED STATES GOVERNMENT
MEMORANDUM

Date: March 27, 1997

To: Project Committee and the Files

From: Brian Rudert, USAID/Dominican Republic 

Subject: Project Assistance Completion report for the University Agribusiness Partnership Project (517-0243) (UAPP)

This report documents the final status of the subject project as of the Project Assistance Completion Date (PACD), December 31, 1996.

I. Brief Project History

The University Agribusiness Partnership Project (UAPP) was obligated on June 29, 1989, with a funding level of \$12 million. Because of unanticipated budget cuts, USAID was only able to provide approximately \$8.4 million to the project. The implementing agency was the Instituto Superior de Agricultura (ISA).

The project goal was to increase non-traditional commodity-based incomes. The project purpose was to provide the expanding agribusiness and agro-industrial community with increased mid-level manpower by institutionally strengthening ISA and CADER. ISA, as the implementing agency, would accomplish this by strengthening its undergraduate and continuing education programs as well as its administrative capacity, financial base, and the quality of and retention of its faculty and staff.

The Project had a positive impact on ISA. Compared to before the Project, ISA's graduates are now primarily employed by the private sector; ISA has an endowment fund which funds between 20 and 25 percent of its operating costs; and ISA has achieved international status with 90 foreign students out of its 270 total student body. ISA attributes these achievements to the assistance received under the Project in curriculum development, faculty and administrator training, and development of the endowment fund.

There were several project important assumptions in the design that proved untrue. First as previously mentioned, at the project input level USAID was only able to provide \$8.5 million instead of \$12 million. At the program goal level the non-traditional agricultural sector actually declined over project period because of marketing constraints and an unfavorable macroeconomic environment.

Of the total authorized amount, \$752,900 was to be administered directly by ISA. However, eventually \$1.9 million was actually obligated under the cooperative agreement for direct administration by ISA. These funds were utilized for the purchase of vehicles and equipment and to provide budget support to ISA for the establishment of a development office for fund raising, and the creation of a transition fund. The transition fund was used to provide funds to increase

faculty and staff salaries over the first years of the project, until there were sufficient earnings to cover them from the ISA Endowment Fund that was also established under the UAPP.

The remainder of the funds (approximately \$11.2 million) were reserved for use by USAID which directly administered a contract (with effective date of 3/1/90) with the Midwest Consortium for International Activities, Inc. (MUCIA) to provide short- and long-term technical assistance and short- and long-term professional exchanges. However only \$6,549,822 was actually obligated under the contract during the life of the project. The MUCIA Grant was through the period 2/28/95, however, it was anticipated that the period would be extended by amendment through the PACD, and the Consortium's budget would be increased to cover the remaining US\$1.1M. MUCIA designated Ohio State University (OSU) as the lead institution to implement their grant.

In 1993, due to probable budget reductions at the Mission level, USAID/DR requested that MUCIA reduce the level of long-term technical assistance, beginning August 1, 1993, until a mid-term evaluation could be completed and there was a more clear reading on the budget situation. The evaluation was completed in September 1993. It indicated that ISA was playing an important role in obtaining the project goal and that it *"...holds a unique position in the development community because few institutions are strategically situated with regard to this objective and with the built in capacity that has now been generated at ISA."* It recommended that the project be continued in collaboration with MUCIA and that even more emphasis be placed on preparation of students in non-traditional products and post-harvest technology.

However, because of a cutback in Mission funding levels, in February 1994 it was agreed among ISA, MUCIA and USAID/DR that the budget would be adjusted downward, to reflect only one long-term advisor, the elimination of additional long-term professional exchanges and reductions in the levels of short-term technical assistance and professional exchanges. Later, delays in the completion of the ISA external and USAID special audits postponed the formalization of this action, until Amendment 10 (9/8/95) changed the budget accordingly, reduced the PACD of the MUCIA cooperative agreement by 9 months from June 30, 1996, to September 30, 1995, and authorized MUCIA to use the unspent funds in the vehicle purchase and debt conversion line items to purchase additional computer equipment, as requested by ISA. However, because of a retroactive upward readjustment of their overhead rate approved by AID/W, MUCIA did not utilize remaining available funds to purchase the computers but rather applied these funds to cover a shortfall in their overhead costs. ISA purchased the computers directly utilizing remanent funds in the cooperative agreement.

II.

Delivery of Project Inputs

ISA Grant

Long-term professional exchange. Three ISA faculty members participated, for a total of 4.2 person years. This number is considerably less than the budget level of effort of 22 person years, because it was decided to discontinue this activity after mid-1994 for reason of the reduction in the level of funding for the project.

Budget support. ISA used its budget for the supplemental salary support, the acquisition of equipment for the irrigation system of the University Farm, the Forestry Department, computer hardware and audio-visuals, the establishment of the Development Office and the purchase of furnishings for the homes of the long-term technical assistance.

Computer Equipment. USAID executed a purchase of equipment for a computer teaching laboratory in early 1996.

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October 1996 Seminar. Remaining ISA project funds were used to sponsor a seminar on developing an action plan to increase the competitiveness of the agricultural sector. Sponsoring institutions included ISA, Junta Agroempresarial Dominicana (JAD), and the Fundación de Desarrollo Agropecuario (FDA).

MUCIA Grant

Long-term technical assistance. There was a total of 5 long-term advisors, who spent 17.4 person years. This number was short of the original budgeted level of effort of 28 person years. The difference is due to the reduction in the level of funding, beginning in mid-1993 and the shortened length of the project.

Short-term technical assistance. There were 148 different contracts for this assistance, involving a total of 101 persons, who provided a total of 591.9 person weeks (6 days) over the LOP. This level of effort exceeded the budgeted level of 431 person weeks, in spite of the shortened time period, due to the extensive and cost-effective use of local consultants (50% of the total time and 27% of the number of consultants), especially for matters of development of new systems, which required a lot of time on campus -- such motor pool -- which were very hands-on intensive and specific to the Dominican Republic.

Short-term professional exchange. Fifty-seven ISA faculty, board members and staff participated in a total of 163 exchanges for a total of 324.8 person weeks 95 days of short-term professional exchange. This level of activity was almost equal to the 331 person weeks in the original budget.

ISA Campus Office and project backstopping. MUCIA provided project management at the ISA office and through backstopping at its headquarters and on the Ohio State University campus.

Planned vs. Actual Budget Allocations (S'000)

	<u>Original</u>	<u>Actual</u>
1. Technical Assistance	7,475	4,805
2. Commodities	782	713
3. Training	1,611	0
4. Project Office Support	1,135	735
5. ISA Budget Support	751	1,023
6. Project Monitoring	246	27
7. Debt Conversion	0	600
8. Faculty Exchange	<u>0</u>	<u>578</u>
Total	12,000	8,481

III. Counterpart Contribution

There were three sources of counterpart contributions.

<u>Source</u>	<u>Planned (RD\$)</u>	<u>Actual (RD\$)</u>
MUCIA	43,812,500	14,561,910
ISA	11,737,500	16,113,344
Endowment Fund		
GODR (STP)	26,336,676	26,336,676
ISA	8,778,892	3,281,641

Two items require explanation. First, the level of MUCIA counterpart support was less due to the cutback in funding and shortening of the PACD as well as the use of more short-term technical assistance from the Dominican Republic and other Latin American countries than was originally anticipated. Second, as is discussed below, ISA fell considerably short of its goal in raising monies from the private sector for the Endowment Fund.

IV. Project Accomplishments (EOPS)

There are seven EOPS.

1. Increased and improved preparation of mid-level technicians in agribusiness and agroindustrial applications to non-traditional commodities.

The success in this area is evidenced by the fact that almost all ISA graduates are employed by the private sector. There were nine major advancements that contributed to this success.

First, the curricula for the B.S. and technical degrees were totally revised, in consultation with representatives of the agribusiness sector, in order that ISA turn out graduates to meet the needs of the future. The new B.S. program, initiated in the Fall Semester 1995, provides all students with a common core of course work for the first three years, during which they have their basic training in crops, livestock and natural resources science and technology and also have strong training in agribusiness and agricultural economics in order to develop the capacity for management. There will be emphasis on the non-traditional crops. In the fourth and last year the students will specialize in one of three areas, agronomy, animal production or forestry. The technical degree program consists of the first two years of the B.S. degree program during which there is general preparation in crop and livestock production and farm management. It is expected that most graduates will work in farm production management.

Second, an internship program was established in which all students, in both the technical and B.S. programs must spend at least 3 months in practical work on a farm or agribusiness before they are awarded their degree. This has been in operation for 3 years and is incorporated into the new curriculum. As a side effect, it has proven to be successful as a means of placing graduates.

Third, most all students are participating in a work study program to cover part of their tuition. In addition, beginning in the Fall Semester 1995, all students are expected to work on University Farm each week.

Fourth, ISA established a campaign for donations to enable scholarships to be awarded. More funds were generated from domestic sources, but most importantly in 1995 ISA received two major grants from international donors to bring students from the rest of the Caribbean islands. The Kellogg Foundation provided funds to finance 60 students from Haiti and the Instituto Interamericano de Cooperación para la Agricultura (IICA) is sponsoring 12 students from other Islands. All are financed for the full length of their degree programs.

Fifth, with this development, ISA has become fully internationalized, in order to serve the whole Caribbean region.

Sixth, ISA established a new computerized system of student records.

Seventh, the office of the Vice-rector for Academic Affairs was reorganized and strengthened to carry out the functions of both academic affairs and student life.

Eighth, and also of great importance, the continuing education program was strengthened. Over the LOP, via short courses, workshops and seminars, 4,555 farm and agribusiness personnel were trained for a total of 111 weeks, surpassing UAPP goals by 122 and 49%, respectively.

Ninth, ISA made an important contribution to the dialog for a more appropriate policy for agriculture and natural resources. There were 33 policy workshops, which was 120% in excess of those planned, and 40 policy seminars, which was 33% less than those planned.

2. Improved management of ISA/CADER sufficient to meet institutional development goals through year 2010.

This is an area of major changes, of which ten merit special comment. First, ISA initiated for the first time and institutionalized a planning process; a ten-year strategic plan was created and there are annual plans that are coordinated with the annual budget process. Second, there was a decentralization of responsibility, in which the offices of the vicerectors and the academic departments were given more responsibility for the management of their units, thus freeing up the office of the Rector to deal with the larger issues.

Third, the Board of Directors became more involved in ISA activities, and the membership was expanded to include more representation from the agribusiness sector outside of Santiago. Fourth, an ISA Foundation was created to manage the Endowment Fund. Fifth, a new computerized accounting and budget system was put in place, based on a cost-center arrangement which provides for decentralized responsibility in developing and managing the budget as well as timely and complete information for financial management at the levels of both the cost centers and the central administration. It is based on a fund concept, which provides detailed information by each source of funding, for example the general fund or projects such as the UAPP.

Sixth, a Personnel Office was established and a totally new personnel system was designed, including the areas of recruitment, promotion, salaries, benefits, retirement and records. Seventh, a Retirement Plan was established. Eighth, a centralized Purchasing Office and Supplies Warehouse were created. Ninth, a Motor Pool was established for purposes of control of use of vehicles and their maintenance. Tenth, there was a new emphasis placed on the development of fund-raising and cost-saving activities, including the use of excess capacity in facilities to provide conference services (food, dormitory and meeting rooms), the University Farm, profit-oriented continuing education programs and more funded research.

3. Fully functioning Endowment Fund with increased value of no less than RD\$20 M. and

established mechanisms to ensure its growth sufficient to meet future core cost needs.

The Fund has a balance of RD\$35,558,607.41. Of this total, ISA has obtained RD\$3,281,641 in donations from the private sector, which is less than the planned RD\$9,778,892. The remainder came from GODR counterpart contributions (RD\$26 million), debt conversion (\$500,000) and the previous CADER Trust Fund. Due to the severe inflations of 1989 and 1990, ISA raised the goal of the fund to RD\$50 million. The ability of the private sector to provide funds was overestimated. Part of the problem has been the decline in the non-traditional agricultural sector rather than an originally anticipated increase. Therefore, an important potential source of matching funds did not materialize. There was also a change in the tax laws in 1992 that eliminated several tax deductions for donations by profit making firms.

4. Self-sustaining Development Office established implementing fund raising activities, promoting alumni and community relations and donor coordination.

The Office was established in Santo Domingo, but was moved to the main campus in July 1995 in order to have the director work more closely with the rector and the board. The office is not self sufficient, and it is doubtful that it will be because of the difficulties in raising donations from the private sector. The office has been very active in alumni activities and this proved to be a very useful function for this office.

5. Establishment of BS Degrees in Horticulture and Forestry and a technical degree in Forestry.

The new B.S. degree curriculum, put into effect beginning with the Fall Semester 1995 provides for a majors in Agronomy, Animal Production and Forestry. There is also a single technical degree program in Agricultural/Animal Science. Under the UAPP, a technical degree in Forestry was initiated, however, it was discontinued in the Fall Semester 1995 in favor of the B.S. degree in this area. The decision to not initiate a BS degree in horticulture and a technical degree in forestry was an appropriate one. ISA made this decision based on close consultation with the private sector as to where the demand for technical skills is.

6. Faculty/staff salaries and supplementary income opportunities will equal or exceed equivalent private sector levels.

Although there were substantial nominal increases in salaries for faculty and staff, the real value was considerably less due to the 1989-1990 inflation. The current salaries are not competitive with the private sector but are equal to or exceeding those of the public sector. It has been hard to retain faculty, especially those with degrees in agribusiness or agricultural economics, due to the high opportunity costs for these services in the private sector. A salary supplement mechanism has been employed to reward faculty involved in the income generating activities of research grants, continuing education grants and consulting contracts, but this is still not sufficient, in some cases. In the last year, ISA has undertaken a personnel reduction program in order to have salary savings that can be used to raise salaries for the remaining faculty and staff.

However, the assumption that ISA could pay salaries comparable to the private sector may have been wrong. What is more appropriate is to ensure that ISA salaries are equal to or exceed salaries in other academic institutions.

7. Productive university units under modern private sector management, while providing research/teaching opportunities to ISA/CADER personnel and students.

Under the UAPP the irrigation system of the University Farm was rehabilitated, greatly enhancing

the income earning capacity of the unit. A profit criterion was established and a faculty member with considerable farm management experience was placed in charge. The Farm is to be an example in farm management for the students. Indeed, the students work on the farm on a regular basis to gain first-hand experience. The slaughter house and food processing facilities were leased to the Licey Pork Producers' Association for commercial production. Both these facilities and the Farm are used for instruction purposes.

V. Progress Towards Achievement of Project Purpose

In order to achieve the project goal, it is necessary that the Dominican Republic have the capacity to provide well-trained mid-level manpower to the expanding agribusiness and agro-industrial community. ISA is in a unique position to accomplish this, both through technical and B.S. degree level education as well as via continuing education.

Over the LOP, ISA underwent numerous and very significant programmatic and administrative changes in order to improve its capacity to provide these services. The fact that ISA graduates are all employed by the private sector is the best indicator of achievement of the Project purpose.

VI. Project Design Adjustments

Because of the need to reduce the overall budget, (a) the PACD was shortened by 9 months, (b) the levels of inputs for the MUCIA grant were reduced, especially for long-term technical assistance, and (c) the level of long-term professional exchange under the ISA grant was cut back. There was no qualitative change in the EOPS.

VII. Requirement for Continued Monitoring

There is no requirement for continued USAID monitoring of project activities, given that all such activities have been terminated.

VIII. Requirement for Further Data Analysis or Evaluation

Since all project activities have terminated, there is no further requirement for data analysis or evaluation.

IX. Summary of Lessons Learned

1. The Project goal to increase non-traditional commodity-based incomes was too ambitious and beyond the ability of the project to influence. Nontraditional agricultural exports actually declined over the project period because of an unfavorable macroeconomic environment and closing of U.S. markets because of illegal pesticide residues on Dominican products.

2. The ability and willingness of the private sector to contribute to an Endowment Fund was overestimated. A declining rather than expanding nontraditional agricultural sector certainly contributed to reduced contributions.

3. Although the institutional strengthening of ISA was not explicit in the design of the project, it was perhaps the most significant outcome of the project. There were many significant changes at ISA as a result of the UAPP, during which time ISA was transformed into an institution with the capability to provide solid education, at the technical, B.S. degree and continuing education levels, in order to obtain the project purpose. Specifically, the most significant changes were the

establishment of a new undergraduate curriculum that is tailor made to obtain the project purpose, a strengthened capacity for continuing education and research, closer ties to the agro-industrial community, and the development and institutionalization of new administrative capabilities in the areas of planning, accounting and budgeting, personnel management and academic affairs. In addition, the project put ISA in the position to lead and coordinate the large-scale project for the Rehabilitation of the Natural Resource Base of the Yaque del Norte River Watershed. The financial structure was improved with the development of income generating activities in farm production, continuing education, conference services, and technical assistance. With the establishment of the Development Office the infrastructure for fund raising was established.

4. The objective of providing ISA faculty with salaries competitive with the private sector will require more time. Faculty retention remains a problem, especially for persons in the areas of agribusiness and agricultural economics who have excellent opportunities for work in the private sector. This situation requires that ISA direct more attention to raising salaries and incentives for supplementary income, especially in this area. Of course, this, in turn, depends on generating more income. Fund raising is difficult, for example for the Endowment Fund, especially in an institution that does not have experience in doing this and the presence of an agricultural sector that is undergoing a transition period because of increased competition from imports. USAID also provided similar endowments to JAD and FDA which are actively competing with ISA for donations from the same sources and for the same sector.